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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA–SAN JOSE DIVISION

In re ACACIA MEDIA TECHNOLOGIES CORPORATION	Case No. C-05-01114 JW **REPLY IN SUPPORT OF DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT OF INVALIDITY AND NONINFRINGEMENT OF ALL CLAIMS OF THE '702 PATENT** Date: June 9, 2006 Time: 10:00 a.m. Courtroom: 8, 4th Floor Judge: Honorable James Ware

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INTRODUCTION

Acacia's opposition to Defendants'[1] motion for partial summary judgment of invalidity and noninfringement of the '702 patent is most remarkable for what Acacia, once again, concedes. Acacia reconfirms its repeated admissions that all of the claims of the '702 patent are both invalid and not infringed:

> **all of the claims of Acacia's '702 patent are: (1) invalid, due to the Court's finding that the claim terms "sequence encoder" and "identification encoder" are indefinite, and (2) not infringed, due to the Court's construction of the phrase "transmission system at a first location" limits all of the claims to transmission systems which are located at one particular location.**

Opp. at 1:14-17 (emphases added).

Acacia makes no attempt whatsoever to argue that there are any genuine issues as to any fact that is material to Defendants' motion for partial summary judgment. Indeed, Acacia concedes that the "only significant difference" between Defendants' motion and Acacia's own motion for partial summary judgment is that Acacia asked the Court to certify the judgment for appeal pursuant to Federal Rule of Civil Procedure 54(b), which Defendants opposed, and the Court declined to do. Opp. at 1:18 (emphasis added).

Acacia's only argument against Defendants' motion is that Acacia's own motion for partial summary judgment, against itself, is still "pending," so the Court should not consider Defendants'

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[1] The following defendants joined in the motion for partial summary judgment, and join in this brief as well: Comcast Cable Communications LLC; Insight Communications, Inc.; EchoStar Satellite LLC; EchoStar Technologies Corp.; The DIRECTV Group, Inc.; Cable One, Inc.; Mediacom Communications Corporation; Bresnan Communications; Cequel III Communications I, LLC (dba Cebridge Connections); Charter Communications, Inc.; Armstrong Group; Block Communications, Inc.; East Cleveland Cable TV and Communications LLC; Wide Open West Ohio LLC; Massillon Cable TV, Inc.; Mid-Continent Media, Inc.; US Cable Holdings LP; Savage Communications, Inc.; Sjoberg's Cablevision, Inc.; Loretel Cablevision; Arvig Communications Systems; Cannon Valley Communications, Inc.; NPG Cable, Inc.; Coxcom, Inc.; Hospitality Network, Inc.; Ademia Multimedia LLC, ACMP, LLC, AEBN, Inc., Audio Communications, Inc., Club Jenna, Inc., Cyber Trend, Inc., Cybernet Ventures, Inc., Game Link, Inc., Global AVS, Inc., Innovative Ideas International, Lightspeed Media Group, Inc., National A-1 Advertising, Inc., New Destiny Internet Group LLC; VS Media, Inc.; ICS, Inc.; AP Net Marketing, Inc.; International Web Innovations, Inc.; and Offendale Commercial BV, Ltd.

"redundant" motion. Opp. at 1:3; 1:21. But Acacia's motion is not "pending." The Court denied Acacia's request for a Rule 54(b) certification, and then Acacia withdrew its motion for partial summary judgment.

The only question now is whether there is any genuine dispute of material fact about whether all claims of the '702 patent are invalid and not infringed by the systems made, used or sold by Defendants. The answer to that question could not be clearer, since Acacia has admitted repeatedly—and admits again in its opposition—that there are no such disputes. Given the absence of any dispute, the instructions of Rule 56 are clear: "the judgment sought shall be rendered forthwith." Fed. R. Civ. P. 56(c) (emphases added).

ARGUMENT

Acacia's opposition relies almost exclusively on a misinterpretation of this Court's statements at the February 24, 2006 hearing—a misinterpretation that the Court corrected at that very hearing. Acacia interprets the Court's refusal to grant Acacia's request for a Rule 54(b) certification as a "decision to wait for claim construction to be completed before entering any judgment on the '702 patent. . . ." Opp. at 2:19-20. But that is not what the Court said.

The Court held that it would be inappropriate to certify a judgment on the '702 patent for appeal under Rule 54(b), noting that it would be better to have the constructions for all claim terms in the Yurt family of patents, which share a common specification, going up to the Federal Circuit at the same time "because then we would have a package that wouldn't require the Circuit to be looking at the same specification twice under circumstances which, which essentially relate to the, to all of the patents that are involved." Tr. of February 24, 2006 Hrg. ("Tr.") at 17:7-12. The Court also stated that in addressing the remaining claim terms in the Yurt patents, the Court "may be persuaded to do something differently," and thus the Court's "inclination at this point is to not certify it for immediate appeal." *Id.* at 35:22-23, 36:21-22.

Acacia's counsel offered his opinion that "the logical conclusion" of the Court's comments "is that you don't want us to enter into a stipulation" of invalidity and noninfringement. *Id.* at 37:15-17. But the Court responded "No . . . if my ruling on 54(b) affects your willingness to enter into a stipulation, I can understand that but I'm not, I'm not expressing a preference one way or the other." *Id.* at 37:18, 38:6-9. Acacia's counsel pressed the point further, arguing—just as Acacia does in its opposition to the instant motion—that "there would be no sense" in entering a partial summary judgment if "the Court is of the view that it may, it may, notwithstanding what has happened in the past, revisit these issues further in the context of the '992, unless there is going to be an immediate appeal." *Id.* at 39:1-5. But the Court disagreed again:

> Well, no. Let me say it again. . . . Once the judgment is entered, that becomes the law of the case. Right now my constructions are out there. Nobody has asked me to enter a judgment based on them so I can change my construction at this point. Once a judgment is entered, it becomes a partial judgment and it becomes the law of the case. . . . If you come to me and say, Judge, based upon what you said, we stipulate into a judgment, I'll enter that judgment pursuant to stipulation. But as I said to you, a different question is presented to me as to whether or not I would certify that on appeal. . . . The reason I mentioned law of the case is right now there is no judgment. Nobody has asked me to enter one yet and until they do, I won't enter one.

Id. at 39:8-41:12. In response, Acacia's counsel confirmed that given the Court's denial of Acacia's 54(b) request, Acacia was "not asking [the Court] to enter a judgment," *id.* at 40:19-20, belying Acacia's present contention that its motion for such a judgment is still "pending." Opp. at 1:3.

Thus, what actually happened at the February hearing is quite different from Acacia's interpretation of that hearing. The Court denied Acacia's Rule 54(b) request, but left open the possibility that Defendants would file their own motion for partial summary judgment—indeed, the Court essentially invited such a motion and expressed surprise that the issue was presented on *Acacia's* motion, rather than Defendants' motion, or a stipulation. *See* Tr. at 5:10-18; 9:22-11:16; 41:10-12. And the Court explicitly rejected Acacia's contention—repeated in its opposition here—that the Court's ruling implies that the Court should not or would not enter partial summary judgment. As the Court explained, "I'm just addressing the request of the 54(b). I'll wait on the stipulation or not and I'll wait on a motion or not." *Id.* at 41:9-12. The Court did not, therefore, decide "to wait for claim construction to be completed before entering any judgment on the '702 patent," as Acacia contends; nor is Acacia's motion still "pending." Opp. at 1:3, 2:19-20.[2]

[2] Acacia also describes this Court's alleged "decision" not to enter judgment on the '702 patent—which

Acacia's other argument is that it will be "prejudiced" if the Court grants Defendants' motion because Acacia is "agreeable to summary judgment on the '702 patent, but *only* if the judgment is certified for immediate appeal pursuant to Rule 54(b)." Opp. at 3:17-20 (emphasis in original). That is certainly a novel gloss on the meaning of "prejudice." According to Acacia's interpretation, a party is "prejudiced" simply because it doesn't get everything it asks for. That is not what "prejudice" means.[3]

The only prejudice at issue here is the prejudice to Defendants if the ruling on their motion is delayed as Acacia requests. Rule 56(c) clearly states that the "judgment sought shall be rendered forthwith if the pleadings . . . and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c) (emphases added). Acacia does not argue that there is any issue as to any material fact, or that Defendants are not entitled to judgment as a matter of law — to the contrary, Acacia has conceded both of these points repeatedly. *See, e.g.*, Opp. at 1:13-17; Acacia's February 13, 2006 Mem. at 1:10–2:11; Tr. at 6:22–7:23, 14:17–15:14.

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is not what the Court decided at all — as "eminently practical." Opp. at 2:20. This is in stark contrast to Acacia's earlier claims that the Court's refusal to enter partial summary judgment and certify the judgment for appeal would be *im*practical. *See* Tr. at 22:12–26:9; Acacia's Jan. 20 and Feb. 10, 2006 Mems. (Docs. 120 and 135). Acacia's assertion that the addition to this case of Time Warner Cable, Inc. and CSC Holdings, Inc. (the "Round 3 Defendants") provides some reason to deny Defendants' motion is also incorrect, and self-contradictory. The Round 3 Defendants have not stated that they will ask for reconsideration of "sequence encoder," "identification encoder," or "transmission system at a first location," the terms on which Defendants' motion for partial summary judgment is (and Acacia's was) based. Acacia's argument that a possible motion to reconsider the term "transmission system" should preclude entry of partial summary judgment is flatly contradicted by Acacia's own argument to this Court that the presence of the term "transmission system" in the '992 patent should not affect the Court's decision to enter partial summary judgment as to the '702 patent. *See* Tr. at 18:18–19:18. In any event, the Round 3 Defendants, as defendants, are unlikely to propose a construction of "transmission system" that would change this Court's construction of "transmission system at a first location," given that the Court's construction renders Acacia incapable of proving infringement, as Acacia concedes.

[3] Acacia's argument that Defendants "are attempting to circumvent Acacia's motion and force the Court to enter judgment on the '702 patent before this Court is able to consider Acacia's request for Rule 54(b) certification" is similarly absurd. Opp. at 3:24-27. Acacia abandoned its motion for partial summary judgment. *See* Tr. at 37:15–41:7. The Court did consider Acacia's request for Rule 54(b) certification, and denied it. Tr. at 36:21-22. Defendants are not "circumventing" anything; they are moving for partial summary judgment, as both the Court and Acacia's counsel

Acacia merely argues, based on its misinterpretation of this Court's statements, that judgment should not be rendered "forthwith," but delayed, contrary to the clear instruction of Rule 56(c).

As the Supreme Court held in *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986), "Rule 56 must be construed with due regard . . . for the rights of persons opposing such claims and defenses to demonstrate in the manner provided by the Rule, prior to trial, that the claims and defenses have no factual basis." *Id.* at 327. Defendants have demonstrated, and Acacia has conceded, that all claims of the '702 patent are invalid and not infringed. Acacia's request that the Court delay partial summary judgment in the face of this admitted absence of any factual dispute is simply a request that the Court ignore Defendants' rights as set forth in *Celotex*, as well as the plain text of Rule 56(c).

CONCLUSION

For the foregoing reasons, and those set forth in Defendants' opening brief, the Court should grant partial summary judgment of invalidity and noninfringement in favor of Defendants on all claims of the '702 patent.

Dated: May 19, 2006

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expected they would. *See* Tr. at 40:20-41:12.